

PROGRESS IN CURRENCY REFORM.

The stock market, last week, was subjected to a variety of conflicting influences, but after many fluctuations up and down prices left off on Saturday about the point at which they opened on Monday. It is not to the credit of operators that they are thus easily buffeted about by every puff of rumor, but that they are, the record shows. There is a large unsatisfied investment demand for good securities, but added to this is so great a mass of speculative purchases by people who stand ready to sell again on the slightest provocation, that it is difficult to tell whether we are on firm ground or upon a shell which may give way at any moment, as happened in 1863.

The Caucus Committee of the incoming House of Representatives, which sat at Atlantic City last week, to consider the subject of currency reform, has passed over the result of its labors to the Senate Finance Committee, and that body, in turn, is now at work perfecting a bill to be submitted to Congress at its approaching session. The scheme devised by the House committee has not been authoritatively promulgated, but it is generally understood to provide, first, the formal recognition by law, of gold as the exclusive standard of value; second, an enlargement of the note-issuing power of the national banks from 90 per cent. to 100 per cent. of the face value of the Government bonds deposited to secure the notes, and, third, the fixing of the lowest permissible limit of capital of national banks at \$25,000. The Senate Committee, it is said, has not yet agreed to adopt the House Committee's scheme as it stands, one of the Senators insisting upon the addition to it of a provision for retiring the Government legal tender notes and supplying their place with bank notes secured only by bank assets and safety fund, as proposed by the Indiana State Bankers' Convention of 1887. The Committee, naturally, desires to make a unanimous report, and it is dissenting member, therefore, laboring with its disapproving number, to induce his colleagues to his popular views. Whether they succeed or not in doing this, it is pretty certain that they will not yield to him, and that when they do the scheme they finally adopt, will not contain any such provision as that for which he contends.

The fact is, that the proposition to take away from the Government its prerogative of furnishing the nation with paper money, and to turn over the function to our thousands of little banks, for them to exercise, if their own profit, has never commanded the approval of the majority of our citizens, and the number of its supporters has become smaller and smaller as the discussion of it has proceeded. The only champion of eminence it now possesses is the Secretary of the Treasury, and he is by no means enthusiastic in its behalf, as he was a little while ago. The logic of events is more powerful than that of abstract theory, and the experience of the last twelve months has abundantly demonstrated the fallacy of the antiquated arguments for preferring a paper currency issued by banks to one issued by the Government. The elasticity which was claimed as the exclusive merit of bank currency has been shown to be possessed in a far higher degree by gold, which, being imported and exported as the demand for money increases or diminishes, automatically regulates the supply of it; the absolute safety of a Government promise has been vindicated by twenty years of steady gold redemption in the face of difficulties which have compelled the strongest banks for times during that period to confess themselves bankrupt, and the death of currency in the agricultural districts, which, it was contended, only a bank currency could remedy, has been proved to be occasioned by a want of confidence on the part of capitalists in the people of those districts, which is disappearing as they increase in wealth and exhibit a willingness and an ability to deal honestly with their creditors. It is seen that there is plenty of currency in the country to supply all legitimate demands, and that any region destitute of it deserves to be.

Another supposed defect in an exclusively Government paper currency upon which the Secretary of the Treasury descended eloquently in his last report to Congress and in the address which he made last February to the Bankers' Convention at Richmond, Va., has likewise been discovered to be not a defect but a merit. The volume of bank loans being regulated by the amount of their lawful money reserves, any reduction of those reserves necessitates a contraction of loans and, thus, an increase of the rate of interest and a decrease of the speculative prices of stocks and of commodities. Such a reduction takes place usually every year, at harvest time, from the sending away to the agricultural districts of loan funds, in order to facilitate the moving of the crops to market. It is proposed to prevent it by sending bank notes, authorized temporarily for the purpose, instead of sending lawful money. This is so probably in abuse of legislative power, as to the detriment of speculators and the banks that it cannot be defended for a moment. The harvest demand for currency can be provided for in advances by the banks without delegating to them unusual powers. They can, if they choose, so arrange their business with reference to it, as they would with reference to any other foreseen emergency, and refuse to expand their loans in winter to such an extent as to be obliged to distress their customers in summer. In any event, a fall of prices produced by an increased demand for money is the healthy and beneficial result of a financial law, and we ought not to try and counteract it.

A more important gain for the cause of true currency reform is the increasing preponderance of public sentiment in favor of the single gold standard and the waning of the craze for the unlimited coinage of silver. The Democratic party, which, in 1887, went into the Presidential campaign with a free silver coinage platform, is no longer united, much less enthusiastic in favor of repeating the experiment next year. Possibly and even probably the free silver declaration of the Chicago platform of 1887 will be incorporated into the Democratic platform of 1890, but it will be supported by the party with a much weaker approach to unanimity than was in 1887, when as we know, it drew thousands of Eastern Democrats into voting for the Republican candidate for President and for Republican Representatives in Congress.

At the same time, there is not the necessity, which many people insist on, of making a formal declaration in favor of the exclusive gold standard an essential part of the Republican policy.

We have that standard now, in effect, and we can be deprived of it only by an act, passed by both houses of Congress and approved by the President, opening the mints to the unlimited coining of silver. It has been asserted that a discrete Secretary of the Treasury, at present, without any fresh legislation, can put the country on a silver basis by simply paying in silver dollars the Government obligations, but this is nonsense. The Treasury holds only a few millions of such dollars against many hundreds of millions already in circulation in the shape either of actual coins or of certificates representing coin, and he can add to them only the small amount he is required by law to coin monthly for the redemption of Treasury notes. His refusal to pay and might indeed add gold to a premium over silver, and thus refuse of the banknotes their depositors in lawful paper money has at times cost that nation a great sum over checks, but it would do more.

The silver dollars now in circulation pass current, not at their bullion value, but at their value as tokens, and being received by the Government at the same rate as dollars in gold, they are, in effect, gold, and the only thing that could reduce them to their bullion value would be a change of them in unlimited quantities. But when once only solid gold be driven out of use, and silver substituted for it, a formal declaration that gold is our present standard is, therefore, unnecessary, and if one were made, it could be repealed by any Congress should we ever be cursed with such a one, which made a change of the standard.

Platinum, which is the European variety of the silver dollar, is likewise declining and will soon cease to command any very in-

fluential following. Its stronghold has been among the British Tory land owners, who desire to have prices measured in silver in order to increase the margin between their incomes and their taxes and mortgage interest, and among the cotton spinners, who wish to be able, by a reduction of wages, to compete with Asiatic cheap labor. As a beginning, these people have been striving for a bi-metalllic standard of the exchange between Great Britain and India, the object of which was to be the reopening to silver of the India mints, which were closed to it in 1863. A bi-metalllic committee, which they had appointed for the purpose, a year ago, has, however, just reported the very opposite of what they sought to accomplish, and has recommended the establishment of the gold standard in India, and the continuance of the closing to silver of the India mints. The report will probably be accepted by Parliament and its recommendations enacted into law. Then, Great Britain will cease to take any further interest in the silver question, and the bi-metallists of other European countries, no longer being able to count upon her co-operation, will give up the struggle for an international bi-metallism and let the whole matter drop. The Republican party in this country, therefore, need not in 1900 repeat its declaration of 1890 in favor of international bi-metallism and may safely dismiss it out of oblivion, along with free silver.

In spite, therefore, of the clamors of impatience theorists the cause of true currency reform has made substantial progress, and there is no reason for being anxious in regard to its final success.

MATTHEW MARSHALL.

FINANCIAL AND COMMERCIAL.

New York Stock Exchange—Sales and Range of Prices on All Securities Dealt in During the Week Ending July 15, 1899.

UNITED STATES AND STATE BONDS (in \$1,000s)

Open	High	Low	Clos.
1000 U.S. 2d.....	1018	1018	1018
1000 U.S. 8s.....	1088	1088	1088
1000 U.S. 8s.....	1094	1094	1094
52000 U.S. 4s, 1867-1124	1124	1124	1124
20000 U.S. 4s, 1852-1304	1304	1304	1304
17000 Tex. State 3s.....	97	97	97
1000 Va. Ed. 2d 3s.....	856	856	856

RAILROAD AND OTHER BONDS (in \$1,000s)

Open High Low Clos.

Sales, Name, Open High Low Clos.

1000 U.S. 2d.....

1000 U.S. 8s.....

1000 U.S. 8s.....